

Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
06:00	GE	Industrial production wda y/y	Aug	2,2%	-1,1%
06:00	GE	Retail sales y/y	Aug	-4,1%	-5,5%
12:30	US	Change in non-farm payrolls	Sep	250k	315k
12:30	US	Unemployment rate	Sep	3,7%	3,7%
14:00	US	Wholesale inventories m/m	Aug F	1,3%	1,3%
14:00	US	Fed's Williams Speaks in Moderated Q&A			
19:00	US	Consumer credit	Aug	\$25bn	\$23,81bn

Factors Overnight	What happened?	Relevance	Importance	Analysis
Japanese reserves	Japan's FX reserves are down sharply for the second consecutive month, highlighting the size of the intervention	With \$1.2trln left in reserves, the central bank will look to intervene further	4/5 (market, monetary policy)	Although the interventions do not stop the JPY from weakening against the USD, they do slow the pace of JPY depreciation. BoJ sold over \$19bn
UK retail	A survey by BDO shows that Sep produced the slowest month of growth since the economy reopened post-Covid	Actual volumes are down significantly, and the situation could get worse	4/5 (economy)	The cost of living crisis continues to drain spare disposable income, while the rate hikes will further dent household finances
China risks	Geopolitical risks re China's relationship with Russia and Taiwan, inflation, the property sector, and a crackdown on the private sector are spooking banks	Reports are emerging of banks reducing their overall exposures to China to mitigate risks	4/5 (economy)	There is a clear sense that in the current climate, investors are rotating to safety. China's geopolitical position and the broader business cycle that could impact the property sector are concerns

Factors on the Radar	What happened?	Relevance	Importance	Analysis
UK labour market	The labour market in the UK is cooling and sending danger signals to investors as more and more companies impose hiring freezes	Businesses and households are starting to position for recessionary conditions	4/5 (economy)	A survey by the Recruitment and Employment Confederation shows that although the market is still tight, there are signs it is softening, which will be a precursor to tougher times ahead
IMF warning	IMF MD Georgieva warned that the outlook for the global economy was darkening amid the pandemic, war and climate disasters on all continents	In its WEO it will lower its growth outlook for the fourth time this year to reflect the change in expectation	4/5 (economy)	The world's major economies are slowing, and the rapid-fire monetary tightening on top of inflation is dealing the economy a hammer blow that will likely drive recessionary conditions
Central banks	The latest update is that the Fed remains hawkish, the Bank of Peru raised rates again, and the BoC is talking of doing the same with only the RBA pivoting	There will be more pressure on the global economy from central banks that raise recession risks	5/5 (economy, markets, monetary policy)	The cost of the Covid bailouts is now better understood, and they are high. Central banks are not yet done with their tightening, and financial stability risks are therefore escalating

Highlights news vendors

BUSINESS LIVE - [Eskom needs new talent, says De Ruyter as he denies overstaffing](#)

FT - [US says 'nothing off table' in response to Opec+ oil cuts](#)

REUTERS - [Nigerian oil export terminal had theft line into sea for 9 years](#)

SOUTH CHINA POST - [As China's cotton harvest begins, Xinjiang 'forced labour' law and global recession fears hobble demand](#)

Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.293984	1.305408	1.3189202	1.400594
BWPUSD	0.072	0.093496	0.0733875	0.077662
GBPWP	15.368912	15.497352	15.036412	14.603274
BWPEUR	0.07956	0.080184	0.0751613	0.078642
JPYBWP	11.3048	11.3984	10.679775	11.1518
USDZAR	17.253696	18.70596	17.65808	18.30126375
EURUSD	0.941184	1.01972	0.963243	0.99765875
GBPUSD	1.072512	1.162304	1.097649	1.137158

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.075	-0.0002	1m	-2.62275	-478.3136
BWPGPB	0.0672	0.0008	3m	-7.488	-2543.823
BWPEUR	0.0766	0.00	6m	-15.000375	-8868.145
BWPZAR	1.3485	0.0051	12m	-27.68025	-33426.79

	Close	Change
Dollar Index	112.115	-0.143
EURUSD	0.9803	0.0015
GBPUSD	1.1171	0.0013
USDJPY	144.95	-0.17
USDNGN	432.9	0
USDZAR	17.9726	0

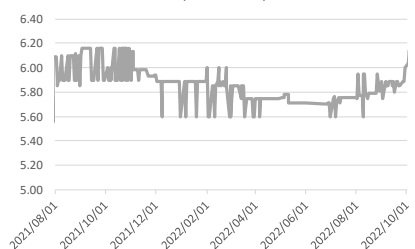
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.221	0.001	SA 10y	10.645	-0.07
3y	5.209	0	US 10y	3.824	0.065
5y	6.16	0.16	German 10y	2.086	0.069
20y	8.75	0	Spread SA 5y vs Bots 5y bpts		
22y	8.9	0		300	-26

Equities		Commodities			
	Close	Change	Close	Change	
VIX	23.98	0.00	Gold	1710.85	-4.9605
Dow Jones	29926.94	-42.45	Brent Crude	1715.8105	1.05
FTSE	6997.27	-33.84	3m Copper	1726.2408	-72
JSE All share	65832.67	-700.07	LME Index	1699.2225	-10.3
Bots DCIBT	7428.57	12.27	1 carat index	1659.67	#VALUE!
Nigeria Index	47260.89	-43.04			

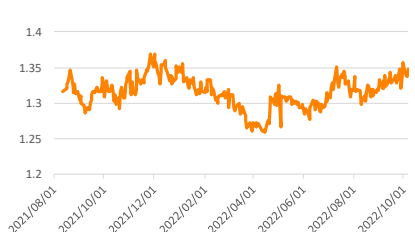
Spot BWP



BWP 5y local bond yield



BWP-ZAR



- As part of a \$1bn investment plan for the African Continent, Google said it would set up an African cloud service that will allow users to store their data in-country. According to an official from Google Cloud Africa, the cloud infrastructure will be based in South Africa but will give users the option of where to store their data. African countries have a patchwork of laws on data sovereignty, with some requiring companies to store data within their borders, increasing demand for a more flexible regional cloud service. Google forecasts that the South African cloud region could contribute more than \$2.1bn to the country's economy and support the creation of more than 40,000 jobs by 2030.

- On the regional front, after completing an Article IV review, the International Monetary Fund forecasted the pace of Namibia's economic growth to accelerate to 3.2% in 2023. The IMF added that the pace of economic growth would pick up from 3% this year and 2.7% in 2021. According to the IMF, the recovery strengthened in the first half on the back of sustained mining growth and stronger manufacturing activity. Meanwhile, average inflation is expected to rise to 6.4% this year and moderate in 2023. The current account deficit is expected to remain large, financed by FDI inflows in oil and gas and one-time transactions, while the fiscal deficit is expected to narrow, supported by strengthened tax revenues and fiscal consolidation measures. The IMF also urged the government to preserve social spending and growth-supporting public investment and mitigate the impact of higher food and fuel prices on the poorest.

Financial Market Commentary

- US Treasury yields rose once again yesterday following some hawkish comments from Fed speakers ahead of today's non-farm payrolls data. The 10yr yield rose to back over 3.800% while the 2yr yield surged to 4.250%, marking a significant turnaround after it dipped below 4.000% earlier in the week. We are seeing some consolidation this morning but the gains are being maintained. The gains in yield were also driven by a further surge in gilt yields, as the UK market remains volatile as traders brace for the BoE's bond-buying backstop to come to an end next week.

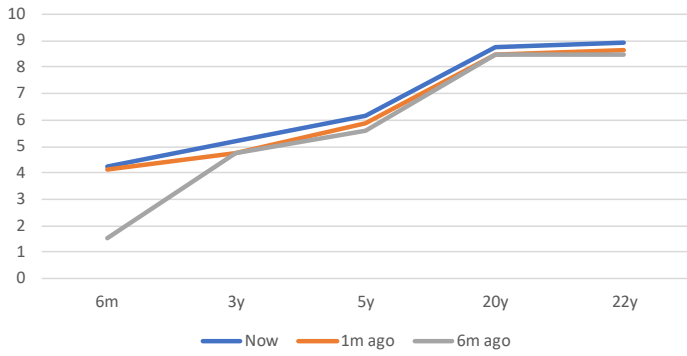
- The focus will now be on the US non-farm payrolls data today. After a strong ADP print earlier this week, expectations are that the figures should show that hiring in the US is still robust. The risk to the market, however, seems to be asymmetrically skewed toward a weaker print, given that a strong reading is likely priced in already. Therefore, any weakness in the data today could see bond yields retreat, albeit unlikely back to levels seen in the first few trading sessions of the week.

- Currency markets are trying to find a clear direction this week after a dramatic third quarter. The main factor affecting the markets is the changing expectations of how sharply central banks will raise interest rates, mainly in the US. As such, it places a lot of emphasis on today's US jobs report and next week's inflation data. Meanwhile, the BWP extended losses against the USD, closing at 13.2540/USD. Further, BWP weakness could see it revisit the 13.4000/USD mark early next week, barring the USD's reaction to the jobs report later today. Overall, FX traders can expect trading today to be thin and relatively risk-off.

- Oil is set for its biggest weekly gain since March this week, following the announcement by OPEC+ that it would be cutting output from November. Brent has surged from below \$85 per barrel to near \$95 per barrel as a result, nearing its highest levels since mid-September. However, the rally appears to be running out of steam now, with the front-month contract hitting resistance at the 50DMA. Open interest levels have also started to taper off now after rallying as the price surge kicked off. This suggests that we may be in for some consolidation over the next few sessions, with traders looking to adjust to the new supply dynamics.

- Another factor to keep an eye on for next week is China. The ruling political party will be meeting next week and will decide on whether or not new fiscal and monetary support measures are needed to support the economy. If any further stimulus is announced, oil prices could resume their rally as the market would tighten significantly further. If the meetings disappoint, we could see commodity markets in general come under a bit of pressure as a rebound in Chinese demand has been tentatively priced in already.

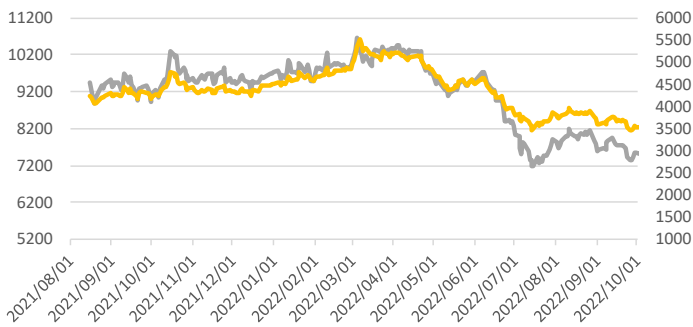
Botswana Yield Curve



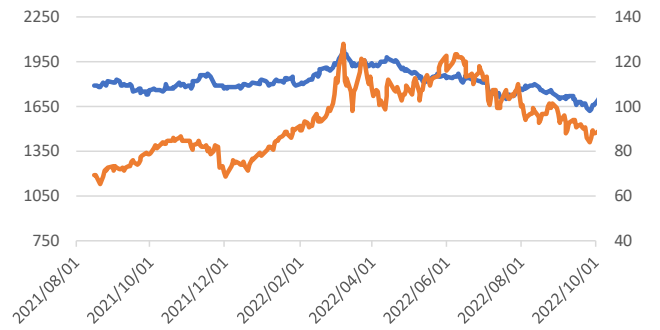
USD Index



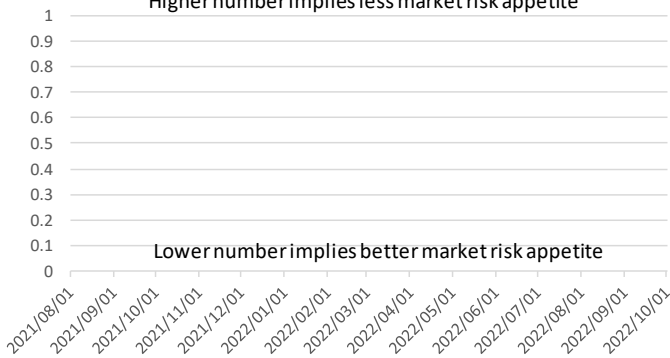
Base metals - Copper L_Hand axis LME Index R_Hand axis



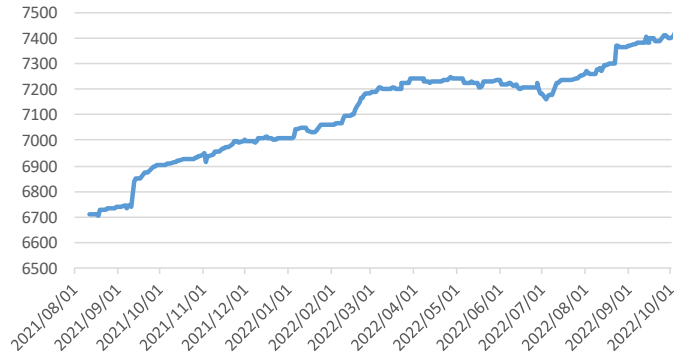
Oil R_Hand Axis - Gold L_Hand Axis



VIX Index - Risk appetite measure Higher number implies less market risk appetite



Local stockmarket performance



Access Bank Global Markets & Treasury Team

e-mail	First Name	Surname	Direct Line
nkatem@accessbankplc.com	Mogamisi	Nkate	2673674335
masalilap@accessbankplc.com	Phillip	Masalila	2673674621
kebaetsek@accessbankplc.com	Kefentse	Kebaetse	2673674336
thembaa@accessbankplc.com	Amogelang	Themba	2673674370
bogalet@accessbankplc.com	Tshwanelo	Bogale	2673674622
davidbat@accessbankplc.com	Batanani Pearl	David	2673644382
magashulan@accessbankplc.com	Ntebang	Magashula	2673644382
segwabek@accessbankplc.com	Keategile	Segwabe	2673644382

Disclaimer

The information provided herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities or instruments mentioned or to participate in any particular trading strategy. These materials have been based upon information generally available to the public from sources believed to be reliable. No representation is given with respect to their accuracy or completeness, and they may change without notice. Access Bank on its own behalf and on behalf of its affiliates disclaims any and all liability relating to these materials, including, without limitation, any express or implied representations or warranties for statements or errors contained in, or omissions from, these materials.